

THE TRANSPARENCY GUIDE



**DISSECTING THE
DIGITAL DOLLAR**

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WELCOME TO THE TRANSPARENCY GUIDE

For the last two years the Music Managers Forum has been educating the artist and management community about the inner workings of the streaming business through the 'Dissecting The Digital Dollar' project.

This included the series of 'Digital Dollar' roundtables involving artists, songwriters, labels, publishers, lawyers, accountants and lots of artist managers.

One of the key issues raised during the roundtables was the need for more transparency in the digital music market. To achieve greater transparency, managers need to be clearer about what specific data and information is required for artists to fully understand and capitalise on the potential of the rapidly expanding streaming sector.

This Transparency Guide seeks to do just that, identifying twenty pieces of data and information, and explaining how they fit into the development and growth of each artist's business.

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Introduction

During the ‘Dissecting The Digital Dollar’ roundtable discussions held by the Music Managers Forum in 2016, transparency was repeatedly identified as one of the key issues in the streaming music business today.

The record industry’s shift to digital should have made it easier for managers to track and audit how their artists’ recordings are performing. However, the opposite has often been the case. In the streaming domain in particular, it has actually become harder to fully track and audit an artist’s recordings, and sometimes impossible.

Some of this is simply down to the challenge of shifting to a new business model, where plays rather than sales generate revenue; where income is primarily revenue share based on consumption share; where royalty payments are very small but very frequent; and where unprecedented amounts of data about consumer behaviour are now available.

All the stakeholders in recorded music – including digital service providers (DSPs), record labels, distributors, music publishers, collective management organisations (CMOs), artists, songwriters and managers – are still adjusting to this new business model.

Artists, songwriters and managers need to be clearer about what information they require. Labels,

distributors, publishers and CMOs need to invest in and build platforms that aggregate and share this information in a timely and user-friendly way. And the DSPs need to make sure they are collecting and passing on the required data in the first place.

However, some of the transparency issues are the result of corporate culture at the major music companies, and non-disclosure agreements between the DSPs and the labels, distributors, publishers and CMOs. These NDAs often prevent artists and songwriters from being able to properly audit their royalties and to assess the relative commercial merits of different DSPs.

Most people in the recorded music industry agree that there needs to be more transparency: but who needs to be more transparent about what, exactly?

There is an assortment of data and information artists, songwriters and their managers require access to; some of which is already forthcoming, some of which is available in a limited form, and some of which is currently entirely absent.

In order to further inform this side of the digital dollar debate, CMU Insights consulted a number of leading UK artist managers about the kinds of data and information they need to properly inform and audit their clients’ artist businesses.

Based on those conversations, this MMF Transparency Guide outlines in some detail the data and information managers need access to. By itemising this data and information in one place, managers can more easily identify what they are currently missing, and more easily assess how different business partners are performing.

Meanwhile labels, distributors,

publishers and CMOs can use this information to inform the development of their own data platforms and the evolution of their transparency policies. And where these business partners say the issue is with the DSPs, artists and songwriters can join with the labels, distributors, publishers and CMOs in putting pressure on the digital companies to make the required information available.

Section One: Who Should Provide The Data?

In most cases, business partners sit between an artist/songwriter and the DSP – ie a label, distributor, publisher and/or CMO. We will collectively refer to these entities as ‘rights partners’ in this guide. In the main artists and songwriters rely on these rights partners to provide them with the data and information they require.

That said, some DSPs - most notably Spotify - provide usage data directly to artists and managers. This is a highly valued service and managers would [a] like to see other DSPs follow Spotify’s lead and [b] like this DSP-to-artist provision of data to include royalty as well as usage information.

However, even if all the DSPs provided certain kinds of data directly, artists and managers would still primarily rely on their rights partners

to access required information. Partly because many key data elements can only be provided by the rights partner. And partly because artists and managers need to compare how their music is performing on different DSPs side-by-side.

To that end, rights partners need to develop (or continue to develop) data and information sharing systems, most likely through an online portal – and preferably one portal for all data – which provides top line summaries, the facility to drill down to specifics, and tools to analyse trends. Larger rights partners will likely build their own systems, while smaller companies will seek to utilise third party technologies.

This requires investment from the artists’ rights partners, and managers recognise that this will take time. Though such portals are now a simple

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MMF is encouraging members to assess the labels and distributors they work with – in terms of how much data and information they provide – and to confidentially share the results. The information gained will be used to inform the ongoing pan-industry conversation around transparency, and will help labels and distributors better understand how to evolve their respective data and information platforms and portals.

██████████	Track Plays
██████████	Source Of Play
██████████	Skip Information
██████████	Playlist Adds
██████████	Library Adds
██████████	Total Listener Nos
██████████	Total Fan Nos
██████████	Total Income By Track
██████████	Income Type
██████████	Artist Royalty Rate
██████████	Deductions Or Discounts
██████████	Relevant Contract Terms
██████████	Total Artist Royalty
██████████	Payment Date
██████████	Streaming Deal Revenue Share
██████████	Streaming Deal Minima
██████████	Other Deal Benefits
██████████	Breakage Policy & Process
██████████	Equity Policy & Process
██████████	Additional Data Feeds

Find out more at themmaf.net/digitaldollar

The Transparency Guide identifies the data and information artists and managers need about the streaming business. It has been produced by music consultancy CMU Insights for the Music Managers Forum.



ABOUT THE MUSIC MANAGERS FORUM | themmf.net

MMF is the world's largest professional community of music managers in the world. Since our inception in 1992 we have worked hard to educate, inform and represent our managers as well as offering a network through which managers can share experiences, opportunities and information.

We are a community of 500 managers based in the UK with global businesses and a wider network of over 2000 managers globally. We engage, advise and lobby industry associates and provide a professional voice for wider industry issues relevant to managers.

The MMF runs training programmes, courses and events designed to educate and inform artist managers as well as regular seminars, open meetings, roundtables, discounts, workshops and the Artist & Manager Awards.



ABOUT CMU INSIGHTS | cmuinsights.com

CMU is a service provider to the music industry best known for its various media: free daily news bulletin the CMU Daily, weekly podcast Setlist, and premium services CMU Digest and CMU Trends.

CMU Insights provides training and consultancy to music companies and companies working with music. We offer training and research services; seminars and masterclasses; and insight sessions at music conferences around the world.

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